



MTC Sales Tax Simplification Committee Teleconference
Thursday, October 7, 1999
3:00pm to 5:00pm (Eastern)

Minutes

I. Welcome and Introductions

Wayne Eggert, Committee Chair, called the meeting to order. The following individuals participated in the teleconference:

NAME	STATE/ORGANIZATION
Wayne Eggert, Committee Chair	National Tax Association
Gary Anderson	North Dakota Office of State Tax Commissioner
Gerry Bair	Iowa Department of Revenue and Finance
Charles Collins	North Carolina Department of Revenue
Frank Davis	Tax Executives Institute
Joseph Goosby	DC Office of the Chief Financial Officer
Rick Handel	South Carolina Department of Revenue
Jennifer Hays	Kentucky Revenue Cabinet
Jerry Johnson	Oklahoma Tax Commission
Tom Kimmett	Pennsylvania Department of Revenue
Denise Lambert	New Jersey Department of Treasury
Tim Leadbeater	Florida Department of Revenue
Norm Lobins	American Institute of Certified Public Accountants
Bill Marshall	Ohio Department of Taxation
Tony Mastin	Oklahoma Tax Commission
Larry O’Nan	Kentucky Revenue Cabinet
Jerry Orr	Committee on State Taxation
Bill Riesenberger	Ohio Department of Taxation
Mona Shoemate	Texas Comptroller of Public Accounts
Shirley Sicilian	Kansas Department of Revenue
Tremaine Smith	Washington Department of Revenue
Charles Wilson	DC Office of the Chief Financial Officer
Quentin Wilson	Missouri Department of Revenue
René Blocker	Multistate Tax Commission
Jason Lumia	Multistate Tax Commission

II. Public Comment Period

There was no public comment.

III. Reports on Progress of State-Specific Simplification Subcommittees and Development of Reporting Plan for Subcommittees

Previously, States were assigned to Steering Committee members roughly by region. The Steering Committee members and the States they will monitor are:

Name	State
Frank Davis	DC, MD, NC, SC, VA
Wayne Eggert	AL, MA, NJ, PA, RI
Bruce Johnson	AZ, CO, NM, UT, WY
Fred Kiga	CT, ID, ME, VT, WA, WI
Norman Lobins	IN, KY, MI, MN, OH, WV
Wilma Murphree	HI, LA, NV, OK
Jerry Orr	AR, CA, FL, GA, MS
Mona Shoemate	ND, NY, SD, TN, TX
Quentin Wilson	IA, IL, KS, MO, NE

Norm Lobins reported that Ohio now has State and business representatives and is re-energizing the team. Norm has recruited Kerry Winters from IAI Haynes to participate for West Virginia, while Minnesota is still searching for an industry representative. Michigan has made no substantive progress as of yet, however. Contacts in Kentucky have been expanded as a call has been made to David Wilkerson (Cotton & Allen). Finally, Norm relayed that the Tax Commissioner of Indiana is very enthusiastic about the MTC Sales Tax Simplification Project and will get the ball rolling in his State.

Wilma Murphree was not present for the teleconference, but passed along the following information: Oklahoma has conducted a steering committee meeting, with ensuing subcommittee meetings to follow, and Hawaii continues its quest to recruit members from the business community to participate.

Wayne Eggert stated that progress in New Jersey stalled for a few months, Alabama is progressing, albeit slowly, and Pennsylvania has touched base with some business representatives.

Mona Shoemate noted that in North Dakota, members have been recruited to participate and they are in the process of selecting a date for its initial meeting. In addition, she explained that the Governor of North Dakota has formed a legislative task force whose objective is to analyze the sales tax. Mona has placed calls to solicit State and business representatives for the subcommittees in both Tennessee and South Dakota, while New York is experiencing difficulty in assembling a subcommittee. Lastly, she reported that Texas conducted its first subcommittee meeting two weeks prior to this teleconference. The group burrowed through a list of simplification initiatives and identified several to be pursued. The Texas Comptroller of Public Accounts is very enthusiastic and would like to expand the subcommittee's current membership.

Frank Davis is working on energizing the subcommittee efforts in Maryland and South Carolina.

Quentin Wilson reported that Missouri did in fact completely revamp the sales and use tax regulations — 32 regulations have been completely eliminated and replaced with only 2. Gerry Bair reported on the progress of the Upper Midwest Project, which includes the States of Iowa, Nebraska, Minnesota, Wisconsin, and North and South Dakota. He relayed that Minnesota, Iowa, and North Dakota have already formed their working groups and that Nebraska will have established its by the end of October. Wisconsin continues its steady progression in forming its state subcommittee, while South Dakota continues to work on completing its subcommittee membership.

One participant suggested that the Tax Commissioners of the States take the initiative to become more involved in the creation of subcommittees and to help spearhead the subcommittee process. Several attendees agreed.

IV. Work of Committee and Task Forces on Implementation of Simplification Ideas

Exemption Processing Task Force

Mona Shoemate informed the group that she has been able to recruit 7 volunteers from the MTC Uniformity Committee to contribute to this initiative to-date, and she will encourage others from the larger sales tax States to participate as well. The MTC staff was asked to research which States currently accept exemption certificates and which States are precluded from accepting due to statutory guidelines or other legal impediments.

It was reported that during the October 5, 1999, Northwest Project regional meeting in Salt Lake City, discussions about good faith requirements for acceptance of exemption certificates spawned a proposal that could nullify the need for a good faith requirement. Under the proposal, the purchasing entity would file an exemption certificate with the State, which would then issue the entity a corresponding identification number from which purchases made by the entity would be tracked and recorded. If the exemption identification number were matched to sufficient detail on the transaction, the State would only need to key in on that number on an audit check and download the list of transactions conducted by the corresponding entity, thereby allowing the auditor to match this information with information provided on the certificate. Ideally, businesses would no longer be asked to police the system, while States would have the means by which to easily check on the proper use of the exemption identification number. The Exemption Processing Task Force will further analyze this proposal, while remaining in communication with the Northwest Project States as they work on this issue.

Situs Task Force

Wilma Murphree was not present to provide an update as to the progress of the Situs Task Force. It was suggested that as a starting point, the Task Force look at the sourcing provisions in the NTA Communications and Electronic Commerce Project's final report, with the caveat that the task force understand that while the NTA report reflects discussions surrounding sourcing proposals, no final recommendations were made.

Refund Claim Process Task Force

Norm Lobins reported that initial progress has been made. Documentation and standards have been pulled together. He will be put in touch with the volunteers from the MTC Uniformity Committee.

V. Update on Work of Related Projects of Other Organizations

Advisory Commission on Electronic Commerce (ACEC)

Tremaine Smith reported that during the course of the September 14th and 15th meetings in New York City, Governor Leavitt (UT) suggested that the Commission agree to accept and consider proposed solutions for simplifying the sales tax. The Governor also set forth a list of criteria by which to evaluate proposals submitted — currently, the Commissioners have created a list of 23 such “criteria.” A 12-member drafting committee was formed during the meetings as well. Finally, there was a fervent discussion concerning whether the scope of the Commission was to prevent no “new” taxes or no “net” taxes and what precisely was meant by “net” taxes.

Subsequent ACEC meetings are scheduled for December 14th and 15th in San Francisco and from March 20-21, 2000 in Dallas. Tremaine Smith will continue to keep the Committee updated apropos the activities of the ACEC.

Multistate Tax Commission

The MTC will be holding its Fall Program and Executive Committee Meetings at the Wyndham Hotel in Washington, D.C. from October 31 – November 5. November 3rd is the date for the *MTC Business-Government Dialogue on State Tax Uniformity*. The scheduled topics include dialogue sessions on sales and use tax best practices, pass-through entities, and the use of technology in tax administration.

Miscellaneous

There will be a meeting of the Southeastern States in late October to discuss the NTA report as well as ways to deal with the age of electronic commerce. There is talk of a Northeast Pilot Project commencing as well.

VI. Additional Steps and Topics to Accomplish Committee's Purpose

Volunteers for the three task forces were requested.

VII. Future Meeting Plans

A Sales Tax Simplification Task Forces meeting is scheduled for Tuesday, November 2, 1999, beginning at 3:45pm Eastern Standard Time at the Wyndham Hotel in Washington, D.C.

The next teleconference of the Implementation Committee is scheduled for Wednesday, November 10, 1999, at 3:00pm Eastern Standard Time.

VIII. Adjournment

*Please remember that it was determined that States should send illustrations of their progress and accomplishments to the MTC staff so that a clearinghouse of information can be established. The MTC will begin posting on their website any documents that States or businesses are able to part with and will update this list on a continual basis. Please forward submissions to **both** Wayne Eggert (Committee Chair) at wgeggert@lucent.com and René Blocker at rblocker@mtc.gov.*